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ABSTRACT

A survey of 40 individuals in various positions in the field of international business in Michigan investigated perceptions about the kind of preparation necessary to function successfully either as an expatriate abroad or in international work from a home base in the United States. Results were similar to those found in the literature. Functional expertise was considered to be the most critical skill contributing to performance while language skills were rated second most critical. Knowledge of cultural practices was considered much less important than knowledge of human relations skills and of business practices in the foreign country. While 70% believed that an individual formally educated in business and foreign language skills would be a good business candidate, marketing and sales were identified as the areas in which the candidate would be successful. It is concluded that foreign language skills and cultural knowledge may be less valued than functional expertise because little documented evidence shows that these factors predict success internationally. Further research in this area is recommended. (Author/MSE)

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BUSINESS PERCEPTIONS OF NEED FOR PREPARATION TO FUNCTION SUCCESSFULLY IN INTERNATIONAL CONTEXT

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ABSTRACT

This study is a survey of forty individuals in various business positions that relate to international business in Michigan. Respondents to a questionnaire described their perceptions of what type of preparation is necessary in order to function successfully either as an expatriate abroad or as one who works internationally from a home base in the United States. Results are similar to the literature in that functional expertise was considered to be primarily critical in contributing to performance. Language skills were rated second in importance for both individuals who must relocate abroad and those who interface internationally from the United States. A knowledge of cultural practices was considered much less important than knowledge of business practices in the foreign country and human relations skills.

Although seventy percent of the sample believed that an individual formally educated in business and foreign language skills would be a good job candidate for business, this primarily related to jobs in Marketing and Sales. It was the conclusion of the paper that foreign language skills and cultural knowledge may not be as valued as functional expertise by business because there is little or no documented evidence that these factors predict success internationally. Research efforts must be directed first toward an understanding of whether such preparation in foreign language and cultural knowledge predicts performance and then to examine how this knowledge is best acquired.

BUSINESS PERCEPTIONS OF NEED FOR PREPARATION TO FUNCTION SUCCESSFULLY IN INTERNATIONAL CONTEXT

INTRODUCTION

There is extensive literature available regarding the need for individuals who work internationally to be prepared not only to do the job itself (functional expertise) but also to understand the cultural context in which the job incumbent must function. This paper will present a review of the literature regarding what is perceived to be appropriate preparation. It will also report the results of a survey of business executive perceptions of needs and types of preparation requisite to international business success.

The increasing level of interest in preparing individuals to function internationally relates to the "global economy". In 1987, the United States had a trade deficit of $166 billion which is larger than any other nation including such nations as Brazil, Mexico, and Argentina. Steers and Miller (1988) suggest that each year we in the United States own less and less of our own economy. Growth in the international markets has been phenomenal. In the United States, there are more than 3,500 multinational corporations (MNC's), 30,000 exporting manufacturers, and 25,000 companies with overseas branches and affiliates (Harris & Moran,1987). By 1980, over 200 of the Fortune 500 generated at least 20% of sales abroad. Exports as a percentage of the Gross National Product increased from 4.8% in 1960 to 9.6% in 1981 (Kobrin,1984).

While international trade has become more critical to the economy of the United States, competition with other countries has become a great concern in such industries as automobiles, steel, consumer electronics, and telecommunications (Steers & Miller, 1988). The Commerce Department in 1984 estimated that 70% of domestic firms in the United States faced "significant foreign competition" which was up from 25% only a decade before. In 1987, the Chairman of the Foreign Trade Council estimated that the current percentage is closer to 80% (Jelinek & Adler,1988). Hill, Hitt, and Hoskisson (1988) argue that the United States' competitiveness declines are related to short-term orientations, risk avoidance, and a lack of innovation.

Hofstede (1984) notes that parochialism plagues many management and organizational studies when the cultural context is overlooked. Particularly when the focus is human resources management, to assume that no special attention needs to be focused on the cultural context can be a serious omission. Laurent (1986) suggests that cultural differences translate to policy differences in business operations. This is particularly

true in human resources management since policies are designed by culture bearers to manage other culture bearers. Although organizations may attempt to build a corporate culture that will supersede the annoying specificities of different cultures, Laurent (1986) claims that the results are often unpredictable. Most organizations unfortunately learn by accident or necessity how to cope. Such differences are rarely integrated to build a multinational identity for a corporation (Laurent, 1986).

First, it is important that some definition of culture be at least ventured to provide a common base of understanding. The concept is at best extremely vague; some theoreticians claim that there is no good definition of culture. Sekaran (1983) for example suggests that often the concept of culture is used interchangeably with country or nation. A few definitions of culture could include:

> culture is a whole set of social norms and responses that condition a population's behavior (Robock, Simmonds, & Zwick, 1977)
>
> culture is a collective programming of the mind; no single definition will do the concept justice. To understand culture, one must define it operationally by examining the behavioral consequences of such programming (Hofstede, 1984).

To suggest theoretically that culture is unique and difficult to define is important academically since it may generate research as well as improved theories of cross cultural management. It appears that to assume each culture is so unique that comparison is futile or meaningless is an approach that in business may lead to arguments that justify the lack of adaptation or even attempts to adapt, such as "business is business" or an insistence on the belief that English is still the business language of the world. There exists in the literature at least anecdotal evidence of gaffes and examples of miscommunication that have lost potential friends and business partners for the United States. Our economic situation as described above makes the following quote highly relevant: "you can buy in any language, but you can't sell in just one" (Balinski, 1987).

It is theoretically defensible that some preparation to work in an internationally related job is likely necessary. For an employee to perform effectively in any job, he/she must understand the role demands of the job, have the appropriate skills and abilities to perform the job, and possess the requisite motivation (Wanous, 1980). All of these components may be significantly modified when a job, even a functionally identical job, is performed totally or partially in the context

of a culturally unfamiliar environment. For example, whether an accountant is required to move to Saudi Arabia or interface with Saudis from a base in the United States, he or she will cope with unique issues in the process of accomplishing job demands. Either situation increases the ambiguity in the process of performing a job and may over time impact motivation.

In general, there seem to be problems with the kind of preparation that corporations in the United States provide. First, training to function internationally does not appear to be a high priority. It appears that approximately 50 to 60% of corporations that do business abroad do not provide any preparation for employees (Mendenhall, Dunbar, & Oddou, 1987; Murray & Murray, 1986). Those who do offer training usually offer a brief environmental summary and some cultural and language preparation (Mendenhall, Dunbar, & Oddou, 1987). It is estimated that 57% of such training occurs in a week or less, twenty nine percent involve durations of two to three weeks, and 14% involve one month of training. Very few training interventions include spouse or family, which may be an important contributing factor when expatriates fail (Tung, 1982). The reasons that such training may not be offered include the following: it is not believed that such training is effective, lack of time before the expatriate departs, the assignment may be of short duration, and no need is perceived to exist by top management (Mendenhall, Dunbar, & Oddou, 1987).

It may also be that training is not attempted because managers believe that international expertise can only be learned through experience. In interviewing managers, Kobrin (1984) found that international expertise was perceived to be gained predominantly by business travel and assignments abroad. Very few other factors were perceived to be important such as training programs or education. As an illustration, Kobrin noted that one subject whom Kobrin had interviewed possessed a doctorate although he did not mention the importance of educational background as preparation until probed.

There is a high rate of failure (coming home prematurely before the assignment is completed) among American expatriates. In a review of the literature, Mendenhall, Dunbar, and Oddou (1987) estimate that failure rates range from 20 to 50%. The cost of such failures are estimated to be from $55,000 to $150,000 per expatriate failure. It appears however that both Japanese and European firms offer more extensive training and have lower expatriate failure rates than the United States (Tung, 1984).

The trend appears to be an increasing use of nationals abroad to staff subsidiaries rather than transferring great numbers of Americans to work abroad (Kobrin, 1984). This relates not only to the fact that locals are familiar with the culture but also increased costs of expatriate living, governmental regulations that require a certain level of local employment, expertise available in local human resources, and movement from start-up operations (Kobrin, 1984; Tung, 1982). However, as the global economy continues to escalate, more Americans as part of their job responsibilities will be interfacing with other cultures even though they might not be transferred physically (Kobrin, 1984).

A major stumbling block in preparing individuals for work internationally is that there is a lack of research regarding what preparation will increase international success. In 1978, Newman, Bhatt, and Gutteridge suggested that lists of determinants of expatriate effectiveness were mostly anecdotal and repetitive. A decade later, unfortunately this statement is still representative of the literature. There is an improved source of information available about what needs are perceived to exist although the validity of these perceptions has not been established.

Most of the data available on what criteria business executives consider important for international success suggest the most critical is functional expertise. Beyond this factor however there is a great deal of speculation and even disagreement. The functional knowledge is necessary to possess skills and abilities to perform the job, as Wanous described (1980). For international preparation, the issues revolve around understanding and acting on role demands as well as motivational issues.

The individual's personality may play an important role in facilitating or blocking success in an international role. The most frequently mentioned personality characteristics and interpersonal skills from surveys of business executives were:

*flexibility and coping skills (Aranda, 1986; Heller, 1980; Kobrin, 1984; Nadler, 1985)

*human relations skills (Aranda, 1986; Dotlich, 1982; Kobrin, 1984; Steeves, 1984) and

*empathy and interpersonal sensitivity (Dotlich, 1982; Heller, 1980; Kobrin, 1984; Lee, 1983).

There is a great deal of disagreement over the perceived need to possess foreign language skills. Most surveys appear to suggest that while such skills may be very useful, they are not necessary. In a survey of 200 firms that conducted business

abroad, less than half the sample believed that language skills were important. Only 20% of these firms required language skills before an employee could be relocated abroad (Baker, 1984). Another study done by Exxon however found that expatriate effectiveness was best predicted by language skill (Heller, 1980). A survey by Kobrin (1984) of 98 managers with international responsibilities in 47 firms found that the importance of language skills was perceived to vary depending on the role of the individual and geographical region. For example, fluency was perceived to be important in subsidiaries and in lower level positions in which customer contact was frequent. It was also perceived to be easier to use English in Asia and Europe than Latin America.

The conclusion inherent in these studies is that language skills are important although not of primary importance. Kobrin (1984) mentions that it was clear that a person who knew a language well would not be sent abroad without the necessary technical, functional, and managerial skills. There is a highly vocal but minority viewpoint (at least it is minority at this point in time) that suggests an undervaluing of language skills is another symptom representative of our cultural myopia.

Kobrin (1984) notes that language is a critical element of culture. Balinski (1987) suggests that a useful way to learn about a culture is to learn the language. Without language skills, one cannot permeate a culture and one is dependent upon others to interpret environmental input (Kobrin, 1984). An example might be a governmental takeover by an industry causing significant loss. With language skills, one might have foreseen this development by reading the local newspaper and talking to nationals about political developments. Although English may be the corporate language, it is typically not the language of employees, customers, distributors, and suppliers. Yet success may depend on effective communication with these groups.

This research is designed to examine what preparation a sample of business executives consider to be appropriate for both transfer abroad as well as working internationally with a base in the United States. In particular, the issues of functional knowledge, foreign language skills, and other types of preparation will be compared. Implications will be discussed in relation to formal preparation for international work.

METHODOLOGY

Sample. The sample was composed of forty individuals in business positions within the state of Michigan. The sample was randomly selected from the Michigan International Business Services Directory (1984-85) and the membership roster for the World Trade Club of Detroit (1986-1987). The response rate was 13% (40 returned of 310). This response rate is low and will be discussed in the conclusions.

Although the response rate is low, the sample is quite diverse. Positions of the respondents and the proportion that they represented within the sample were:

Presidents:	13%
Vice-Presidents:	13%
Directors:	15%
Managers:	33%
Other:	26%

Excluding company presidents, most of the position titles were internationally related (such as Business Attraction, Export/Import, Marketing or Distribution) or within the Personnel function. The "Other" category included several banking executives, business partners in consulting firms, and account executives.

The type of business represented was also diverse. Thirty percent of the firms were service related such as marketing, public relations, temporary help, accounting, legal, and consulting. Approximately 25% of the firms were freight or transportation and 21% were manufacturing firms. The remainder were varied including businesses such as banking, high tech Research and Development, retail/wholesale, and brokerages. Twenty five percent of the firms had less than 100 employees and thirty percent of the firms had more than 10,000 employees. Sixty percent of the firms operated a foreign subsidiary. It is interesting to note that within these subsidiaries, most of the employees are host country nationals. The mean percentage of local employees was 97.9%; the range was from 90% locals (4.5% of those who reported subsidiaries) to 100% locals (27.3% of those who reported subsidiaries). If an United States citizen was employed in a subsidiary, it was nearly equally likely that the employee was top level management or in a staff position.

Methodology. The data was gathered via a questionnaire that was primarily designed to gauge the interest of business in a newly implemented joint degree at Eastern Michigan University in Business and a foreign language. The business major would be a traditional specialization in marketing, finance/accounting, computer science, or management. Students would also serve a business internship in a country appropriate to their foreign language skills.

RESULTS AND DISCUSSION

Table 1 indicates the type of contact that was required of internationally related positions in this sample. Respondents replied on a five point Likert scale ranging from definitely not required to definitely required. Travel in other countries was a common requirement, although the next three behaviors were almost equivalently likely to occur: verbal contact with other employees in the organization or customers in other countries and written contact with employees or customers. Much less likely is the possibility that individuals will be relocated to another country.

Table 2 indicates how important certain skills or knowledge are perceived to be when working internationally. Results strongly suggested that in accordance with the literature, these respondents perceived functional/technical skills to be most important for success. The following skills were perceived to be important and were very closely rated: knowledge of business practices in relevant country, human relations skills, and foreign language skills. A knowledge of the culture was considered least critical. At least in terms of ranking, these factors again suggest that business perceptions of success are strongly related to specific business skills. Process skills related to functioning in another culture are not as strongly valued in comparison.

Respondents were asked to rank certain knowledge and experiences that would be most helpful when an employee was expected to either work in an international context from a base in the United States or be physically transferred to another country.
Table 3 indicates the results. Again, functional expertise was considered to be critical. Interestingly, foreign language skill was ranked second in importance whether an employee was located in the United States or abroad. Working with someone who had relevant experience was considered more important when the employee's base was the United States. For living in another country, a bilingual background and cultural knowledge was ranked immediately after functional expertise and foreign language skills. The only factor on the list most related to formal education, the co-op experience, was ranked last under both conditions.

Seventy percent of the sample (N=28) did believe that an individual with a joint degree in Business and a foreign language would be an appropriate job candidate for their business. In particular business areas, the following percentage of the sample considered the expertise as appropriate for an entry level position:

Marketing/Sales	50%
Accounting	20%
Finance	15%
Computer Operations	13%
Human Resources Management	5%
Supervision	8%

Marketing/Sales with requirements for customer interaction is obviously considered most appropriate for such a double major. It may be that when the position success is clearly contingent on communication skills, formal foreign language preparation is valued. For other functional skills, the portion of the job that may relate to the use of foreign language skills may not be significant enough to require expertise in the language. This corresponds to Kobrin's (1984) survey that suggested the necessity of language skills depended on the position. Again, this may relate to the criticality of functional skill in selection as well as the perception that specific international expertise or skills are not acquired typically from a formal education.

CONCLUSIONS AND RECOMMENDATIONS

The low sample response rate presents an important concern regarding this study. It appears that it is not unusual however in the international area; other researchers have also noted the difficulties inherent in acquiring an adequate response base (Faulhaber, 1988). Hypothetically, it may be that many individuals receiving such a questionnaire may not yet be aware of the implications of international human resource management. This is a potential research area in and of itself. It certainly poses questions regarding the generalizability of this study's results. For example, those who respond to such questionnaires may already be sensitized to the issues and therefore more sophisticated regarding needs for preparation in working internationally.

The major difference between this survey and the results of others described in the literature is that there appears to be slightly more emphasis on the importance of foreign language skills. Although this may be encouraging regarding an expressed sensitivity toward preparation for international demands, it does not indicate that organizations are changing their general attitudes toward an emphasis on specialized preparation for international positions.

The major deficiency in suggesting that language and international expertise is both important and acquirable by means other than experience is that this represents only a hypothesis and one that has not been tested practically. Much of the current literature assumes that preparation either through formal education or corporate training will produce higher levels of work performance. There is no evidence however that those who are formally prepared with language skills, cultural knowledge, and functional skills will perform more effectively than those only prepared functionally. In conclusion, research should first be planned that will examine why individuals are successful in working internationally. If formal preparation appears to be predictive of success, then the effectiveness of means of preparation can be specifically examined. Perceptions of the business sector will likely best be changed through such an approach rather than attempts at persuasion without concrete evidence.

TABLE 1

TYPES OF CONTACT REQUIRED
OF INTERNATIONAL POSITIONS

Type of Contact	Mean*	Standard Deviation	Chi Square	Significance Level
Travel in another country	4.2	1.2	27.6	.000
Verbal contact with other employees in another country	4.1	1.5	37.6	.000
Verbal contact with customers in another country	4.1	1.2	14.6	.002
Written contact with other employees or customers in another country	4.1	1.3	27.3	.000
Relocation to another country	2.5	1.5	7.6	.106 NS

* 1 = definitely not required; 5 = definitely required

TABLE 2

IMPORTANCE OF SKILLS IN INTERNATIONAL POSITIONS

Type of Contact	Mean*	Standard Deviation	Chi Square	Significance Level
Functional	4.6	.87	41.0	.000
Knowledge of business practices in relevant country	4.3	1.0	18.2	.000
Human relations	4.2	.98	11.7	.009
Foreign Language	4.0	.99	8.7	.034
Cultural knowledge	3.9	1.0	4.8	.183 NS

* 1 = definitely not required, 5 = definitely required

TABLE 3

RANKING OF IMPORTANCE OF KNOWLEDGE AND EXPERIENCE
FOR WORKING INTERNATIONALLY FROM A BASE IN UNITED STATES

Knowledge/Experience	Mean Rank
Technical/functional expertise	2.1
Foreign language skill	3.2
Working with someone who has relevant experience	3.3
Appropriate bilingual background	3.3
Knowledge of country's culture	3.7
Co-op experience in relevant country	4.2

RANKING FACTORS OF IMPORTANCE IN WORKING
INTERNATIONALLY IN ANOTHER COUNTRY

Knowledge/Experience	Mean Rank
Technical/functional expertise	2.3
Foreign language skill	2.7
Appropriate bilingual background	3.2
Knowledge of country's culture	3.3
Working with someone who has relevant experience	3.9
Co-op experience in relevant country	4.0

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